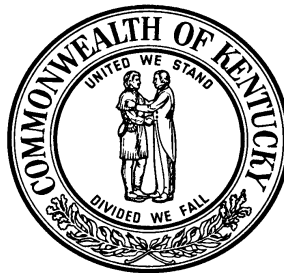


**REPORT OF THE AUDIT OF THE  
BOONE COUNTY  
SHERIFF'S SETTLEMENT - 2009 TAXES**

**For The Period  
May 1, 2009 Through April 15, 2010**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817  
TELEPHONE (502) 564.5841  
FACSIMILE (502) 564.2912**



**EXECUTIVE SUMMARY**  
**AUDIT EXAMINATION OF THE**  
**BOONE COUNTY**  
**SHERIFF'S SETTLEMENT - 2009 TAXES**

**For The Period**  
**May 1, 2009 Through April 15, 2010**

The Auditor of Public Accounts has completed the audit of the Sheriff's Settlement - 2009 Taxes for the Boone County Sheriff for the period May 1, 2009 through April 15, 2010. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

**Financial Condition:**

The Sheriff collected taxes of \$120,909,020 for the districts for 2009 taxes, retaining commissions of \$3,184,338 to operate the Sheriff's office. The Sheriff distributed taxes of \$117,188,659 to the districts for 2009 taxes. Taxes of \$595 are due to the districts from the Sheriff and refunds of \$5,640 are due to the Sheriff from the taxing districts.

**Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities.



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CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Steven L. Beshear, Governor

Lori H. Flanery, Secretary

Finance and Administration Cabinet

Honorable Gary W. Moore, Boone County Judge/Executive

Honorable Michael A. Helmig, Boone County Sheriff

Members of the Boone County Fiscal Court

Independent Auditor's Report

We have audited the Boone County Sheriff's Settlement - 2009 Taxes for the period May 1, 2009 through April 15, 2010. This tax settlement is the responsibility of the Boone County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement in accordance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Boone County Sheriff's taxes charged, credited, and paid for the period May 1, 2009 through April 30, 2010, in conformity with the modified cash basis of accounting.

In accordance with Government Auditing Standards, we have also issued our report dated April 21, 2011 on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an



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Members of the Boone County Fiscal Court

opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

April 21, 2011

BOONE COUNTY  
MICHAEL A. HELMIG, SHERIFF  
SHERIFF'S SETTLEMENT – 2009 TAXES

For The Period May 1, 2009 Through April 15, 2010

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	10,361,445	\$ 19,860,412	\$ 56,796,989	\$ 12,393,101
Tangible Personal Property	1,935,782	4,676,418	6,903,828	4,141,799
Increases Through Exonerations	18,304	109,177	83,587	32,867
Franchise Taxes	1,084,637	1,738,759	4,241,545	
Leaseholds				2,384
Additional Billings	73,343	151,435	316,456	159,830
Limestone, Sand and Mineral Reserves	1,501	3,668	7,933	1,796
Penalties	26,789	52,724	140,109	33,355
Adjusted to Sheriff's Receipt	12	53	22	14
Gross Chargeable to Sheriff	13,501,813	26,592,646	68,490,469	16,765,146
<u>Credits</u>				
Exonerations	107,126	271,099	464,030	168,236
Discounts	214,647	425,251	1,107,104	287,716
Delinquents:				
Real Estate	109,399	213,593	613,914	130,850
Tangible Personal Property	14,349	11,634	51,248	27,115
Additional Bills	13,816	17,396	74,666	17,391
Limestone, Sand, and Mineral Reserves	727	1,662	3,839	869
Franchise Taxes	14,158	30,880	48,339	
Total Credits	474,222	971,515	2,363,140	632,177
Taxes Collected	\$ 13,027,591	\$ 25,621,131	\$ 66,127,329	\$ 16,132,969
Less: Commissions *	553,672	622,468	1,322,547	685,651
Taxes Due	12,473,919	24,998,663	64,804,782	15,447,318
Taxes Paid	12,393,658	24,890,121	64,502,174	15,402,706
Refunds (Current and Prior Year)	80,522	109,842	305,758	44,946
Due Districts or (Refunds Due Sheriff) as of Completion of Audit	\$ (261)	\$ (1,300)	\$ (3,150)	\$ (334)

\*, \*\*, \*\*\* See Next Page.

The accompanying notes are an integral part of this financial statement.

BOONE COUNTY  
 MICHAEL A. HELMIG, SHERIFF  
 SHERIFF'S SETTLEMENT - 2009 TAXES  
 For The Period May 1, 2009 Through April 15, 2010  
 (Continued)

\* Commissions:

4.25% on	\$	40,429,996
2% on	\$	66,127,329
1% on	\$	14,351,695

\*\* Special Taxing Districts:

Library District	\$	(221)
Health District		(84)
Extension District		(71)
Walton Fire		370
Hebron Fire		38
Union Fire		(278)
Burlington Fire		187
Florence Fire		(963)
Union Ambulance		(278)

Due Districts or (Refunds

Due Sheriff) \$ (1,300)

\*\*\* School Taxing District

Common School District \$ (3,150)

(Refunds Due Sheriff) \$ (3,150)

BOONE COUNTY  
NOTES TO FINANCIAL STATEMENT

April 15, 2010

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1) (d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

BOONE COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 April 15, 2010  
 (Continued)

Note 2. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of April 15, 2010, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Tax Collection Period

The real and personal property tax assessments were levied as of January 1, 2009. Property taxes were billed to finance governmental services for the year ended June 30, 2010. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 30, 2009 through April 15, 2010.

Note 4. Interest Income

The Boone County Sheriff earned \$2,434 as interest income on 2009 taxes. The Sheriff distributed the appropriate amount to the school district as required by statute, and the remainder was used to operate the Sheriff's office. As of April 21, 2011, the Sheriff owed \$37 in interest to fee account.

Note 5. Sheriff's 10% Add-On Fee

The Boone County Sheriff collected \$176,484 of 10% add-on fees allowed by KRS 134.119(7). This amount was used to operate the Sheriff's office.

Note 6. Unrefundable Duplicate Payments And Unexplained Receipts

The Sheriff deposited unrefundable duplicate payments and unexplained receipts in an interest-bearing accounts. The Sheriff's escrowed amounts were as follows:

2007	\$ 730
2008	\$ 2,023

KRS 393.090 states that after three years, if the funds have not been claimed, they are presumed abandoned, and abandoned funds are required to be sent to the Kentucky State Treasurer by KRS 393.110. The Sheriff sent a written report to the Treasury Department and submitted \$14,354 to the Kentucky State Treasurer in accordance with KRS 393.110.

For 2009 taxes, the Sheriff has \$5,807 in unrefundable duplicate payments and unexplained receipts.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Gary W. Moore, Boone County Judge/Executive  
Honorable Michael A. Helmig, Boone County Sheriff  
Members of the Boone County Fiscal Court

**Report On Internal Control Over Financial Reporting And On  
Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards**

We have audited the Boone County Sheriff's Settlement - 2009 Taxes for the period May 1, 2009 through April 15, 2010, and have issued our report thereon dated April 21, 2011. The Sheriff prepares his financial statement in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Boone County Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Report On Internal Control Over Financial Reporting And On  
Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Boone County Sheriff's Settlement - 2009 Taxes for the period May 1, 2009 through April 15, 2010, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Boone County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Crit Luallen', with a stylized, flowing script.

Crit Luallen  
Auditor of Public Accounts

April 21, 2011

